

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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P 112032Z SEP 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 7500

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POUCHED TO ALL CONSULS IN CANADA

E.O. 11652: N/A

TAGS: ECON, EFIN, PINR, CA

SUBJECT: FINMIN TURNER RESIGNS

1. CBC CONFIRMED THIS MORNING (SEP 11) THAT FINMIN JOHN
TURNER HAD RESIGNED HIS PORTFOLIO.

2. TURNER IS REGARDED AS "CONSERVATIVE" MEMBER OF CABINET
REGARDING ECONOMIC AFFAIRS WITH STRONG INCLINATION SUPPORT
FREE-MARKET FORCES AS GUIDING PRINCIPLE FOR POLICY, AND
EMPHASIS ON INFLATION-FIGHTING SCHEMES. CBC COMMENTATOR
SPECULATED THAT REAL CAUSE OF TURNER'S RESIGNATION WAS
HIS INABILITY TO GENERATE SUPPORT FOR VOLUNTARY WAGE AND
PRICE GUIDELINES AND OTHER CONSERVATIVE FISCAL POLICY
MEASURES AMONG HIS CABINET COLLEAGUES, PARTICULARLY PM
TRUDEAU. TURNER, HOWEVER, HAD STRONG SUPPORT IN BUSINESS
COMMUNITY AND, BECAUSE OF RECENT IMF WORK, HAD EXCELLENT
REPUTATION IN INTERNATIONAL FINANCIAL CIRCLES.

3. THE TURNER RESIGNATION LEAVES HIS POLITICAL
FUTURE CLOUDY, BUT NOT MUCH MORE CLOUDY THAN IT WAS
BEFORE. SPECULATION ABOUT HIS RESIGNATION HAS BEEN
CIRCULATING FOR MONTHS. HIS INABILITY TO GENERATE
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SUPPORT FOR CONSERVATIVE FISCAL POLICY NOTED PARA 2

INCREASINGLY CITED AS A REASON. HIS PURPORTED DESIRE FOR A REST FROM PRESSURES OF HIS JOB ALSO CITED. ANOTHER THEORY WAS THAT THIS AMBITIOUS POLITICAL PERSONALITY WAS IN A CORNER WITH NO FORESEEABLE WAY OUT OF IT. THE ONLY CLEAR POLITICAL MOVE UP IN THE FEDERAL GOVERNMENT WAS TO OCCUPY PRIME MINISTER'S CHAIR AND TRUDEAU UNLIKELY TO VACATE THAT IN FORESEEABLE FUTURE. LATERAL MOVE SUCH AS TO EXTERNAL AFFAIRS REPLACING MACEACHEN MENTIONED BUT DICOUNTED AT LEAST IN PART BECAUSE OF FEELING THAT TURNER'S AMBITIONS NOT SATISFIED BY LATERAL MOVE. DURING IMF/IBRD MEETINGS LAST WEEK, CANADIAN PRESS REPEATED PAST SPECULATION THAT TURNER REPORTEDLY IN LINE FOR IBRD PRESIDENCY IF AND WHEN MCNAMARA STEPS DOWN. TODAY'S MONTREAL GAZETTE CARRIES REPORTS FROM WORLD BANK OFFICIALS THAT HIS REPLACEMENT OF MCNAMARA NOT IN THE CARDS. POSSIBILITY OF HIS REPLACING KNAPP AS NUMBER TWO MENTIONED.

4. MEDIA REPORTS THAT TURNER WILL RETURN TO LAW PRACTICE. CBC COMMENTATOR SAID THAT STORIES OF TURNER'S PERSONAL WEALTH ARE EXAGGERATED AND THAT HE WANTS TO MAKE MONEY. THERE WERE REPORTS LAST WINTER THAT TURNER WAS CONSIDERING LUCRATIVE OFFER FROM A BRITISH COLUMBIA LAW FIRM, SOME OBSERVERS HAVEING SUGGESTED THAT ADDED ATTRACTION WOULD BE POSSIBILITY OF HIS SETTING UP A LIBERAL POLITICAL BASE IN B.C. WHILE LOCATION OF TURNER'S REPORTED LAWYERING STILL UNCERTAIN, IT IS SAFE TO ASSUME THAT HIS RESIGNATION DOES NOT REPRESENT ABANDONMENT OF HIS CONSIDERABLE POLITICAL AMBITIONS. (SEE EMBASSY MEMCON OF FEB. 10, 1975.)

5. CBC REPORTS THIS MORNING MENTIONED OTTO LANG (JUSTICE MINISTER), MARC LALONDE (HEALTH MINISTER), AND JAMES RICHARDSON (DEFENCE MINISTER) AS POSSIBLE SUCCESSORS TO TURNER. PROBABLY THIS IS NO BETTER THAN GUESSWORK. SOURCE IN FINANCE DEPARTMENT TOLD EMBOFF THIS MORNING THAT SPECULATION THERE WAS THAT SUCCESSOR WOULD BE FRANCOPHONE, PROBABLY SOMEONE AS QUOTE HARD-NOSED END QUOTE AS JEAN CHRETIEN (PRES. TREASURY BOARD). HARD-NOSED DESCRIPTION WAS REFERRAL TO VIEW ON FISCAL RESTRAINT. LIMITED OFFICIAL USE

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EMBASSY WOULD ADD PUBLIC WORKS MINISTER DRURY TO LIST AND ALSO ENERGY MINISTER MACDONALD SINCE HE APPEARS TO HAVE GAINED POLITICAL STRENGTH IN CABINET IN RECENT MONTHS. PORTER

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